

Natural-gas price falling, but not electricity

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WASHINGTON — Families using natural gas can expect their heating bills to drop about \$119 this winter. Those who heat with oil or electricity are likely to see their bills rise.

The government issued predictions Tuesday based on its forecast of a mild winter for most of the nation and its assessment of energy supplies and costs as the nation's oil and natural gas production and refinery output recover from hurricane damage in 2005.

"This is a very different scene than we had a year ago in the wake of hurricanes Katrina and Rita," said Guy Caruso, head of the Energy Information Administration, the Energy Department's statistical agency.

The hurricanes knocked out 20 percent of the nation's gas production, severely damaged Gulf Coast gas processing facilities and shut more than a dozen refineries — an impact "we're only now recovering from," Caruso said.

"The greatest beneficiaries will be those who use natural gas because prices went up 29 percent last year" and have since fallen back, he said. Natural gas stockpiles are expected to be near capacity by Nov. 1.

The Energy Department forecast that the average household using natural gas will pay \$826 for home heating this winter, down \$119, or 12.5 percent, from last winter.

In Utah, Salt Lake-based Questar Gas Co. announced last week that it plans to lower its rates by 10.45 percent, effective Nov. 1. That decrease, which is the fourth by the utility this year, will lower the typical homeowner's annual bill by \$118.

Natural gas is the largest source of home heating in the United States — the primary fuel for 58 percent of all households, including almost four out of five in the Midwest.

A third of U.S. households rely on electricity as their primary heating fuel. The government estimates they are expected to pay an average of \$839 for heat this winter, up \$58, or 7.4 percent, from last winter. Electric heat is most prevalent in the South, where 52 percent of households use it.

Fuel oil users can expect to pay \$1,522 on average this winter, up \$91, or 6.3 percent, from last winter. They represent only 7 percent of nation's households but about half the homes in New England.

Households that rely primarily on propane are expected to pay an average of \$1,265 this winter, down \$15, or 1.1 percent, from last year. Propane is the primary heat source for only 5 percent of U.S. households.

Energy officials cautioned that these predictions are closely tied to weather forecasts.

"As always, the uncertainty is substantial and significantly colder temperatures could lead to substantially greater expenditures," Caruso said.

Last year, the warmest January on record reduced demand and held down some of the increased consumer expenses anticipated because of the hurricane damage.

The National Oceanic Atmospheric Administration projected Tuesday that most of the country will see above-normal winter temperatures, though slightly cooler than last year's very warm winter.

"December is really a wild card right now, but we have increasing confidence that it will get warmer as the season goes along. We don't see any freezes in Florida, which is good news for orange growers," said Michael Halpert, lead forecaster at the NOAA Climate Prediction Center.

From December through February, NOAA forecasters said, they expect warmer than average temperatures in the West, Southwest, the Plains, the Midwest, most of the Northeast, the northern mid-Atlantic and most of Alaska. Near-average temperatures are predicted for parts of the Southeast while below-average temperatures are expected in Hawaii.

NOAA said Maine, the southern Mid-Atlantic, the Tennessee Valley and most of Texas have an equal chance of warmer, cooler or near-normal temperatures this winter.

The Energy Department said this winter will be the first time since the 2001-02 winter that it has forecast residential heating prices to be either lower than or close to last year's prices. But Caruso noted this winter's predictions were still higher than the costs experienced during the 2004-05 winter.

Natural gas prices, which held steady between April and June compared with the previous year, have been declining for the past three months, and natural gas storage is at an all-time high, the American Gas Association said Monday. "The industry has repaired much of the damage to its infrastructure and wholesale prices are lower, but the weather is the wild card."